

Section Two: Public Works

FY 2005 County Road Maintenance Rebate	\$ 339,903
County Cost Road Rebate Estimate	\$ 581,756
City Cost Road Rebate Estimate (with administration and capital expenditures)	\$ 974,609
Actual City Road Expenditure (excludes gen. administration and capital expenditures)	\$ 787,820

Background

The mission of the Takoma Park Public Works Department is to maintain the public infrastructure and physical assets, and to provide safe and sanitary conditions for city residents and employees. The Public Works Department employs an administrative staff, field staff, and a city engineer to implement six programs: building maintenance, vehicle/equipment maintenance, right of way maintenance, solid waste management, urban forest and gardens, and a storm water management fund.

The only significant difference between the mission of Montgomery County Public Works and Transportation Department and the mission of Takoma Park's Public Works Department is the County's operation of Ride-On buses and related services.

The City maintains 34.60 miles of residential streets but does not own or maintain the following state roads: Piney Branch Road, Philadelphia Avenue, Ethan Allen Avenue, New Hampshire Avenue, Carroll Avenue, Flower Avenue (between Piney Branch and Carroll Avenue only), University Boulevard, and Sligo Creek Parkway.

City road crews take care of snow removal from streets and public sidewalks, street cleaning, leaf removal, and upkeep of public spaces in commercial areas such as Old Town, Takoma Junction, and the Takoma/Langley commercial development area. Renovations of curbs, gutters, sidewalks and street paving are managed by the city engineer, who is assigned to the Public Works Department.

City park crews handle the maintenance and improvements of several city-owned parks, including Jequie, Spring, Forest and Jackson-Boyd, as well as other public grounds and gardens. The City's arborist is a member of the Public Works staff and oversees the nurturing and replenishment of Takoma Park's urban forest, including trees located on private property.

City solid waste crews handle the collection of refuse, recyclable materials, leaves, yard trimmings and bulk items.

Findings

The City provides a duplicative service in three areas:

- Solid waste management;
- Park maintenance; and
- Road maintenance.

The FY05 budget for public works was \$3,189,784 and supported a staff of 33.07 full-time equivalents. However, under the current accounting system the City cannot determine precisely how much of the costs of overhead, administration, equipment maintenance and capital outlays should be attributed to road and park maintenance. According to the City's FY05 budget, the only identifiable personnel and operating costs attributed to road maintenance are the crack filling program (\$102,611), street sweeping costs (\$49,052), and leaf collection costs (\$112,774).

The City received \$411,643 in public works-related rebates from Montgomery County to reimburse Takoma Park for:

- Road maintenance (FY05: \$339,903)
- Park maintenance (FY05: \$71,740)

The County does not provide the City a rebate for solid waste management (trash collection) services. Takoma Park residents are exempt from a special fee that Montgomery County residents pay for solid waste management services provided by the County.

In 1996, Montgomery County established a Tax Duplication Task Force to develop an equitable reimbursement formula for transportation expenditures. The proposed formula focused on two components: the County's cost of road maintenance, and the percentage of County expenditures paid for with property taxes. Accurate reference to the County's costs for road maintenance is important because under state law, the County reimburses the City based on the level of service the County would provide were it exclusively responsible for providing road maintenance in Takoma Park. The rebate does not equal the actual cost the City presently incurs for road maintenance – it rests upon what the County's costs are.

Roads

The City's known cost for road maintenance in FY05 was \$787,820, though this number does not include capital expenditures, administrative overhead, vehicle maintenance costs or costs of servicing a new \$2 million bond to accelerate road repairs.

The County rebate for road maintenance was \$339,903. However, the County subtracted a percentage of the \$355,786 the City received in FY05 from the State of Maryland in highway funding.

The current rebate is based on a payment-per-mile multiplier of \$15,763. The variables are: roadway maintenance, bridge maintenance, storm damage, roadway resurfacing, capital improvement projects, traffic signs and pavement markings, and street light maintenance costs. Overhead and administrative costs, as well as capital outlays, are not included.

Only the percentage of County costs paid for by property taxes is counted as part of the formula. Highway user revenues and other special charges and fees are not counted. In FY05 those miscellaneous funds paid for 38.3 percent of the County's road expenditures, while property taxes paid for 61.7 percent. The percentages have changed little since 1996.

A specific rebate exists for bridge maintenance, calculated at \$16 per bridge, an inadequate amount to maintain the safety of Takoma Park's two bridges.

Parks

The park maintenance rebate from the County is \$71,740, and the City's cost for maintaining the parks was \$266,080 in FY05. The City's cost includes \$137,160 on general playground and grounds maintenance and \$113,920 in the gardening division designated for maintenance of landscaping in parks and gardens, as well as an estimated \$15,000 for the arborist's care of trees on public property.

It is not known how the rebate currently is calculated. The original formula was based on a cost accounting system used by the Maryland-National Capital Park and Planning Commission in FY88. The County continues to use the 1988 formula, indexed for inflation, although the accounting system is no longer in operation. At this point, neither county nor city staff was able to tell the Committee the variables that form the basis of the formula.

It is known, however, that administrative costs, overhead costs and capital outlays are not included in the rebate.

The tax duplication calculations for parks can be confusing due to the varying funding sources and agencies involved. The park jurisdiction is shared among Takoma Park, Montgomery County and the Maryland-National Capital Park and Planning Commission. A summary of responsibilities and funding sources are included in Appendix D, "Overview of Governmental Responsibility for Parks, Recreation, Public Works and Planning in Takoma Park."

In general, the City maintains city parks better than the County maintains county parks within the city limits. Ceding park maintenance to the County likely would lead to diminishing services and unsightly parks. Because of the distant location of the County's nearest maintenance yard, in Bethesda, and associated problems with rush-hour traffic, county crews are not able to schedule the requisite number of grass mowings, cleanups and other maintenance work in Takoma Park. The City has discussed assuming maintenance of county parks located inside the city, but since the County would not agree to subsidize this transfer, the City declined to take on the additional cost.

Solid Waste Management

The City and County's services for collecting refuse, recyclable materials and yard trimming are similar, except the City accounts for leaf collection as part of road maintenance. Despite this duplication, however, the County pays no rebate to the City.

The City's estimated cost for managing solid waste is \$189 per participating household, plus a mandatory base system charge of \$40, totaling \$229. By comparison, the County calculates its cost for the same service at \$323 per household. The County charge appears on a property owner's tax bill as a fee whereas the City's cost is bundled into the property tax. This distinction allows Takoma Park homeowners to write off the cost of solid waste management on their income taxes.

In terms of homeowners, the City's current cost structure is progressive since owners of more valuable homes pay more in property taxes than owners of less valuable homes. It should be noted that tenants and apartment-building owners do not receive any solid waste services even though they contribute to the general property tax base. Certain condominium residents pay for solid waste management via property taxes even though city crews do not pick up their trash or recyclables.

Table 5. Summary of Solid Waste Management Services

Takoma Park Services	Montgomery County Services
Refuse, yard trimmings, recycling	Refuse, yard trimmings, recycling
\$10 fee for 5 items per special pick up	4 free special pickups for bulk items (e.g., furniture and non-recyclable items)
	Unlimited special pickup for white goods (e.g., appliances or metal that's recyclable)
	Leaf Collection – 2 pickups during fall

Table 6. Summary of Montgomery County Waste Service Charges¹⁷

Montgomery County - solid waste collection and leaf jurisdiction¹⁸	Cost
Disposal Charge (base x billing rate of 1.01288)	\$ 52.67
Base System Charge	39.69
Incremental System Benefits Charge	96.92
Refuse Collection Charge	66.00
Leaf Vacuuming Charge	67.78
Total	\$ 323.06

¹⁷ The summary Waste Service Charge tables are included to illustrate what a Takoma Park household would pay if the service were provided by the County. Note that the County charges are fees and the City costs are incorporated in the general property tax rate, paid for by all property-tax payers, not just the 4,270 homeowners who receive the service. Another difference is the special pickup of bulk items. The City charges residents \$10 for five items per special pickup whereas the County provides four special pickups for bulk items that cannot be recycled and unlimited pickup for metal items that can be recycled (so-called "white goods," such as appliances).

¹⁸ FY05 Solid Waste Service Charges to Be Collected Via Real Property Accounting. Montgomery County Web Site: http://www.montgomerycountymd.gov/content/finance/pdf_finInfo/LevyYear2004/FY05SolidWaste%20Bill.pdf

Table 7. Summary of Takoma Park Waste Service Charges¹⁹

City of Takoma Park²⁰	Program Cost	Cost per household served²¹
Base System Charge		\$ 39.69
Refuse Program (4,300 tons annually)	\$ 453,873	120.00
Recycling Program (1,400 tons annually)	187,521	49.00
Yard Trim Program (450 tons annually)	45,833	20.00
Appliance Collection (less est. revenue \$8,000)	3,645	.85
Leaf collection costs (less est. revenue \$20,000)	92,774	21.72
Total	\$783,646	\$ 251.26

Options and Recommendations

Generating additional revenue for public works in Takoma Park

Recommended options:

- **Pursue Higher Rebate:** The City should seek a higher rebate from the County for road and park maintenance by adding in the County's costs of overhead and capital. Prior to a new negotiation, however, the City should establish a better accounting system to itemize those costs. This option is expensive and requires technical assistance, but failure to know the actual costs could leave the City short-changed during negotiations;
- **Consider Contracting Road Maintenance to the County:** The City should ask the County for a cost estimate of contracting out road maintenance to county staff. If the estimate affords the City an opportunity for substantial savings, the City should consider contracting with the County for this service. However, city residents must consider that the County may not respond to their requests in a timely manner;
- **Request County Audit:** The City should request an audit of the County's expenditures supported by property taxes, which may result in a more accurate rebate both for road and park maintenance; and

¹⁹ The summary Waste Service Charge tables are included to compare County fees to what a Takoma Park household would pay if the service were provided by the County. Note that the County charges are fees and the City costs are incorporated in the general property tax rate, paid for by all property-tax payers, not just the 4,270 homeowners who receive the service. Another difference is the special pickup of bulk items. The City charges residents \$10 for five items per special pickup whereas the County provides four special pickups for bulk items that cannot be recycled and unlimited pickup for metal items that can be recycled (so-called "white goods" such as appliances).

²⁰ Proposed FY05 Budget: Public Works. 4/30/04

²¹ Cost per household only assumes 4,270 households and does not include payments to the general property-tax base from non-household entities. The cost for non-households is difficult to calculate. It should be noted that many other property-tax payers contribute to the solid waste management cost, so the actual cost per household is lower than the \$251.26 estimate.

- Renegotiate Park Rebate Formula: The City should renegotiate the 1988 rebate formula for park maintenance since the accounting system on which the formula is based no longer is being used. The City should attempt to add overhead and administrative costs for park maintenance to the formula.

Alternative options for delivery of road, park & solid-waste services

Options that are not recommended:

- A transfer of trash pickup and recycling to the County: The City would gain savings on personnel and overhead by eliminating its current inventory of two trash trucks, one recycling truck and a cardboard-collection truck, as well as the current work force of four drivers and four laborers. However, without these employees, the City would lack a six-member snowplow crew during winter months and personnel for other seasonal duties, such as leaf collection. The effect on Takoma Park homeowners also may not be entirely beneficial. They would have to pay a fee to the County for solid waste services that cannot be deducted on income tax returns in the same way as deductions for property taxes;
- Transfer of park maintenance to the County: The City is in a better position to respond to residents' concerns and to address maintenance issues in a timely manner. If the County handled maintenance, it is highly likely the parks would deteriorate. Grass cutting and cleanup of city parks would occur less frequently; and
- Cede road maintenance to the County: It is unclear what effect this would have on road quality, although it should be noted the City is currently undertaking special remedial efforts to bring roads up to standards, funded with a \$2 million bond taken out in 2004. Also, the County could reject any unilateral attempt to cede road maintenance since the City owns its roads.

Summary

In FY05 the County rebated to the City \$339,903 for road maintenance and \$71,740 for park maintenance. The City's known cost for road maintenance in FY05 was \$787,820; for maintaining parks and public grounds it was \$266,080. Neither cost included capital expenditures, administrative overhead, vehicle maintenance or debt service.

The Committee offers the following recommendations for public works:

- The City should seek a higher rebate from the County for road and park maintenance by adding in the County's costs of overhead, administrative expenses and capital expenditures;
- The City should ask the County for a cost estimate of contracting out road maintenance to County staff. If the estimate affords the City an opportunity for substantial savings, the City should consider contracting with the County for road maintenance;

- The City should also request an audit of the County's expenditures supported by property taxes, which may result in a more accurate rebate both for road and park maintenance; and
- The City should renegotiate the 1988 rebate formula for park maintenance since the accounting system on which the formula is based no longer is being used.